



0000201303

**BEFORE THE ARIZONA CORPORATION COMMISSION**COMMISSIONERS

Arizona Corporation Commission

**DOCKETED**

ROBERT "BOB" BURNS - Chairman  
BOYD DUNN  
SANDRA KENNEDY  
JUSTIN OLSON  
LEA MARQUEZ PETERSON

MAR 31 2020

DOCKETED BY

aa

In the matter of

DOCKET NO. S-21095A-20-0044

DECISION NO. 77576

LendingClub Corporation;

Respondent.

**ORDER FOR ADMINISTRATIVE PENALTY  
AND CONSENT TO SAME**

LendingClub Corporation ("Respondent") elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 et seq. ("Securities Act") with respect to this Order for Administrative Penalty and Consent to Same ("Order"), admits the jurisdiction of the Arizona Corporation Commission ("Commission"), neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the Commission solely for the purpose of settling this proceeding.

**I.****FINDING OF FACT**

1. Respondent was incorporated in Delaware in 2006 and maintains its principal executive offices in California.

2. Respondent operates an online lending marketplace platform that connects borrowers and investors.

3. Through Respondent's website borrowers can request unsecured personal loans through a standard loan program in amounts up to \$40,000. Borrowers are charged interest at various

1 market rates based on various business or risk factors. Investors can browse, review, and indirectly  
2 fund loan requests in as little as \$25 increments. Investors enable the funding of these loans by  
3 purchasing the corresponding notes issued by Respondent (the "Notes"). The Notes are for three (3)  
4 to five (5) year terms.

5 4. Since October 10, 2008, Respondent has registered its Notes with the U.S. Securities  
6 and Exchange Commission.

7 5. Respondent filed an application for registration of its Notes with the Commission on  
8 June 25, 2008.

9 6. After Respondent failed to provide documentation or information requested by the  
10 Commission, Respondent's application with the Commission was abandoned on June 3, 2013.

11 7. Respondent's common stock began trading on the New York Stock Exchange on  
12 December 11, 2014.

13 8. Due to Respondent's common stock being authorized for listing on the New York  
14 Stock Exchange on October 31, 2014 and subsequently trading on the New York Stock Exchange on  
15 December 11, 2014, Respondent was able to claim an exemption from registration under the  
16 Securities Act for its Notes issued and sold in Arizona after the date that the Notes were authorized  
17 for listing on the New York Stock Exchange.

18 9. On November 7, 2019, Respondent filed an application with the Commission to  
19 register as a Dealer in the State of Arizona.

20 10. In connection with its Dealer application, Respondent disclosed to the Commission  
21 that it had determined that between June 30, 2008 and December 11, 2014 it sold Notes to  
22 approximately 345 investors whose addresses indicate that they were residents of the State of Arizona  
23 at the time of sale. Respondent also disclosed to the Commission sales of Notes in Arizona after  
24 December 11, 2014.

25 11. Between June 30, 2008 and December 11, 2014 Respondents' Notes were not  
26 registered pursuant to Article 6 or 7 of the Securities Act.

12. Respondent has never been registered as a Dealer in the State of Arizona.

13. To date, no Notes issued by Respondent prior to December 11, 2014 are outstanding.

14. On or about September 23, 2019, Respondent voluntarily suspended the sale of all Notes within the State of Arizona pending approval of its application to register as a Dealer.

## II.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondent offered or sold securities within the State of Arizona, within the meaning of A.R.S. § 44-1801(16), (22), and (27).

3. Respondent violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration between June 20, 2008 and December 11, 2014.

4. Respondent violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer nor exempt from registration.

5. Respondent's conduct is grounds for an administrative penalty pursuant to A.R.S. § 44-2036.

## III.

### ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order (attached and incorporated by reference), the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent and any of Respondent's agents, employees, successors and assigns permanently refrain from future violations of the Securities Act.

1 IT IS FURTHER ORDERED that Respondent complies with the attached Consent to Entry  
2 of Order.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent pay an  
4 administrative penalty in the amount of \$100,000. Payment is due in full within ten days of the date  
5 of this Order. Payment shall be made to the "State of Arizona."

6 IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the  
7 Commission may bring further legal proceedings against Respondent, including application to the  
8 superior court for an order of contempt.

9 IT IS FURTHER ORDERED that this Order shall become effective immediately.

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

11   
12  
13 CHAIRMAN BURNS

COMMISSIONER DUNN

14   
15 COMMISSIONER KENNEDY

16   
17 COMMISSIONER OLSON

18   
19 COMMISSIONER MARQUEZ-PETERSON



IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
Executive Director of the Arizona Corporation Commission,  
have hereunto set my hand and caused the official seal of the  
Commission to be affixed at the Capitol, in the City of Phoenix,  
this 31 day of March, 2020.

21   
22  
23 MATTHEW J. NEUBERT  
24 EXECUTIVE DIRECTOR

25  
26 DISSENT

---

**DISSENT**

This document is available in alternative formats by contacting Carolyn Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail [CDBuck@azcc.gov](mailto:CDBuck@azcc.gov).

**CONSENT TO ENTRY OF ORDER**

1. Respondent admits the jurisdiction of the Commission over the subject matter of this proceeding. Respondent acknowledges that it has been fully advised of its right to a hearing to present evidence and call witnesses and Respondent knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondent acknowledges that this Order for Administrative Penalty and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. Respondent knowingly and voluntarily waives any right under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. Respondent acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. Respondent acknowledges that it has been represented by an attorney in this matter and has reviewed this Order with its attorneys, Jennifer Connors and Aaron Goodman of Baker & McKenzie LLP, and understands all terms it contains.

5. Respondent neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order. Respondent agrees that it shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding in which the Commission is a party.

6. Respondent further agrees that it shall not deny or contest the Findings of Fact and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding in



1 which the Commission is a party, or (b) non-criminal proceeding in which the Commission is a party  
2 (collectively, "Proceeding(s)"). It further agrees that in any such Proceedings, the Findings of Fact  
3 and Conclusions of Law contained in this Order may be taken as true and correct and that this Order  
4 shall collaterally estop it from re-litigating with the Commission or any other state agency acting on  
5 its behalf, in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in  
6 this Order.

7       7. By consenting to the entry of this Order, Respondent agrees not to take any action or  
8 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of  
9 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
10 basis. Notwithstanding the language in this paragraph, the Findings of Fact or Conclusions of Law  
11 shall not be binding on Respondent in any other proceeding other than those identified in Paragraph  
12 6 above and Respondent retains the right to litigate the issues encompassed by the Findings of Fact  
13 and Conclusions of Law in any other legal proceeding, including any litigation, arbitration, or  
14 administrative proceeding not included in the Proceedings described in Paragraph 6 above.

15       8. While this Order settles this administrative matter between Respondent and the  
16 Commission, Respondent understands that this Order does not preclude the Commission from  
17 instituting other administrative or civil proceedings based on conduct that is not addressed by this  
18 Order.

19       9. Respondent understands that this Order does not preclude the Commission from  
20 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
21 that may be related to the matters addressed by this Order.

22       10. Respondent understands that this Order does not preclude any other agency or officer  
23 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
24 proceedings that may be related to matters addressed by this Order.

1           11.     Respondent agrees that any application to the State of Arizona for registration as a  
2 securities dealer or salesman will not be acted upon until such time as all penalties under this Order  
3 are paid in full.

4           12.     Respondent agrees that it will not offer or sell securities or provide investment  
5 advisory services within or from Arizona until such time as all penalties under this Order are paid in  
6 full.

7           13.     Respondent consents to the entry of this Order and agrees to be fully bound by its  
8 terms and conditions.

9           14.     Respondent acknowledges and understands that if it fails to comply with the  
10 provisions of the Order and this consent, the Commission may bring further legal proceedings against  
11 Respondent, including application to the superior court for an order of contempt.

12           15.     Respondent understands that a default in relation to Respondent's obligation to pay  
13 the penalty called for under this Order shall render Respondent liable to the Commission for its costs  
14 of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

15           16.     Respondent agrees and understands that if it fails to make any payment as required in  
16 the Order, any outstanding balance shall be in default and shall be immediately due and payable  
17 without notice or demand. Respondent agrees and understands that acceptance of any partial or late  
18 payment by the Commission is not a waiver of default by the Commission.

19           17.     Respondent agrees that in the event of a bankruptcy proceeding, pursuant to 11 U.S.C.  
20 § 523(a)(19), the following circumstances exist:

21           A.     The obligations incurred as a result of this Order are a result of the conduct set forth  
22 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of  
23 Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

24           B.     This Order constitutes a judgment, order, consent order, or decree entered in a state  
25 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by  
26 Respondent pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine,

penalty, citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by Respondents pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

18. Thomas Casey represents that he is the Chief Financial Officer of Respondent and has been authorized by Respondent to enter into this Order for and on behalf of it.



LendingClub Corporation

By: Thomas Casey

Its: Chief Financial Officer

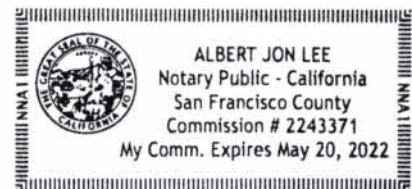
STATE OF CALIFORNIA )

County of SAN FRANCISCO ) ss

SUBSCRIBED AND SWORN TO BEFORE me this 3 day of MARCH 2020.



NOTARY PUBLIC





1 SERVICE LIST FOR: LendingClub Corporation

2  
3 Jennifer Connors, Esq.  
4 Baker & McKenzie LLP  
5 452 Fifth Avenue, 15th Floor  
6 New York, NY 10018  
7 New York Bar No. 2429462  
8 (*pro hac application to be filed*)  
9 Attorney for Respondent

10 Aaron Goodman, Esq.  
11 Baker & McKenzie LLP  
12 1901 Avenue of the Stars, Suite 950  
13 Los Angeles, CA 90067  
14 Arizona Bar No. 024401  
15 Attorney for Respondent